

109TH CONGRESS
2D SESSION

S. 2401

To amend the Internal Revenue Code of 1986 to extend certain energy tax incentives, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 13, 2006

Mr. GRASSLEY (for himself and Mr. BAUCUS) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to extend certain energy tax incentives, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Alternative Energy Extender Act”.

6 (b) TABLE OF CONTENTS.—The table of contents of
7 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—ENERGY INFRASTRUCTURE TAX INCENTIVES

Sec. 101. Extension of credit for electricity produced from certain renewable resources.

Sec. 102. Extension and expansion of credit to holders of clean renewable energy bonds.

Sec. 103. Extension and expansion of qualifying advanced coal project credit.

Sec. 104. Extension and expansion of qualifying gasification project credit.

TITLE II—DOMESTIC FOSSIL FUEL SECURITY

Sec. 201. Extension of election to expense certain refineries.

TITLE III—CONSERVATION AND ENERGY EFFICIENCY PROVISIONS

Sec. 301. Extension of energy efficient commercial buildings deduction.

Sec. 302. Extension of new energy efficient home credit.

Sec. 303. Extension of residential energy efficient property credit.

Sec. 304. Extension of credit for business installation of qualified fuel cells and stationary microturbine power plants.

Sec. 305. Extension of business solar investment tax credit.

TITLE IV—ALTERNATIVE FUELS AND VEHICLES INCENTIVES

Sec. 401. Extension of excise tax provisions, income tax credits, and tariff duties.

1 **TITLE I—ENERGY INFRASTRUC-** 2 **TURE TAX INCENTIVES**

3 **SEC. 101. EXTENSION OF CREDIT FOR ELECTRICITY PRO-** 4 **DUCTION FROM CERTAIN RENEWABLE RE-** 5 **SOURCES.**

6 Section 45(d) of the Internal Revenue Code of 1986
7 (relating to qualified facilities) is amended by striking
8 “2008” each place it appears and inserting “2011”.

9 **SEC. 102. EXTENSION AND EXPANSION OF CREDIT TO** 10 **HOLDERS OF CLEAN RENEWABLE ENERGY** 11 **BONDS.**

12 (a) IN GENERAL.—Section 54(m) of the Internal
13 Revenue Code of 1986 (relating to termination) is amend-
14 ed by striking “2007” and inserting “2010”.

1 (b) ANNUAL VOLUME CAP FOR BONDS ISSUED DUR-
 2 ING EXTENSION PERIOD.—Paragraph (1) of section 54(f)
 3 of the Internal Revenue Code of 1986 (relating to limita-
 4 tion on amount of bonds designated) is amended to read
 5 as follows:

6 “(1) NATIONAL LIMITATION.—

7 “(A) INITIAL NATIONAL LIMITATION.—

8 With respect to bonds issued after December
 9 31, 2005, and before January 1, 2008, there is
 10 a national clean renewable energy bond limita-
 11 tion of \$800,000,000.

12 “(B) ANNUAL NATIONAL LIMITATION.—

13 With respect to bonds issued after December
 14 31, 2007, and before January 1, 2011, there is
 15 a national clean renewable energy bond limita-
 16 tion for each calendar year of \$800,000,000.”.

17 (c) EFFECTIVE DATE.—The amendments made by
 18 this section shall apply to bonds issued after the date of
 19 the enactment of this Act.

20 **SEC. 103. EXTENSION AND EXPANSION OF QUALIFYING AD-**
 21 **VANCED COAL PROJECT CREDIT.**

22 (a) IN GENERAL.—Section 48A(d)(3)(A) of the In-
 23 ternal Revenue Code of 1986 (relating to aggregate cred-
 24 its) is amended by striking “\$1,300,000,000” and insert-
 25 ing “\$1,800,000,000”.

1 (b) AUTHORIZATION OF ADDITIONAL INTEGRATED
 2 GASIFICATION COMBINED CYCLE PROJECTS.—Subpara-
 3 graph (B) of section 48A(d)(3) of the Internal Revenue
 4 Code of 1986 (relating to aggregate credits) is amended
 5 to read as follows:

6 “(B) PARTICULAR PROJECTS.—Of the dol-
 7 lar amount in subparagraph (A), the Secretary
 8 is authorized to certify—

9 “(i) \$800,000,000 for integrated gas-
 10 ification combined cycle projects the appli-
 11 cation for which is submitted during the
 12 period described in paragraph (2)(A)(i),

13 “(ii) \$500,000,000 for projects which
 14 use other advanced coal-based generation
 15 technologies the application for which is
 16 submitted during the period described in
 17 paragraph (2)(A)(i), and

18 “(iii) \$500,000,000 for integrated
 19 gasification combined cycle projects the ap-
 20 plication for which is submitted during the
 21 period described in paragraph (2)(A)(ii).”.

22 (c) APPLICATION PERIOD FOR ADDITIONAL
 23 PROJECTS.—Subparagraph (A) of section 48A(d)(2) of
 24 the Internal Revenue Code of 1986 (relating to certifi-
 25 cation) is amended to read as follows:

“(A) APPLICATION PERIOD.—Each applicant for certification under this paragraph shall submit an application meeting the requirements of subparagraph (B). An applicant may only submit an application—

“(i) for an allocation from the dollar amount specified in clause (i) or (ii) of paragraph (3)(A) during the 3-year period beginning on the date the Secretary establishes the program under paragraph (1), and

“(ii) for an allocation from the dollar amount specified in paragraph (3)(A)(iii) during the 3-year period beginning at the termination of the period described in clause (i).”.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the amendments made by section 1307 of the Energy Policy Act of 2005.

**SEC. 104. EXTENSION AND EXPANSION OF QUALIFYING
GASIFICATION PROJECT CREDIT.**

(a) IN GENERAL.—Section 48B(d)(1) of the Internal Revenue Code of 1986 (relating to qualifying gasification

1 project program) is amended by striking “\$350,000,000”
 2 and inserting “\$850,000,000”.

3 (b) EFFECTIVE DATE.—The amendment made by
 4 this section shall take effect as if included in the amend-
 5 ments made by section 1307 of the Energy Policy Act of
 6 2005.

7 **TITLE II—DOMESTIC FOSSIL** 8 **FUEL SECURITY**

9 **SEC. 201. EXTENSION OF ELECTION TO EXPENSE CERTAIN** 10 **REFINERIES.**

11 (a) IN GENERAL.—Section 179C(c)(1) of the Inter-
 12 nal Revenue Code of 1986 (defining qualified refinery
 13 property) is amended—

14 (1) by striking “and before January 1, 2012”
 15 in subparagraph (B) and inserting “and, in the case
 16 of any qualified refinery described in subsection
 17 (d)(1), before January 1, 2012”, and

18 (2) by inserting “if described in subsection
 19 (d)(1)” after “of which” in subparagraph (F)(i).

20 (b) CONFORMING AMENDMENT.—Subsection (d) of
 21 section 179C of the Internal Revenue Code of 1986 is
 22 amended to read as follows:

23 “(d) QUALIFIED REFINERY.—For purposes of this
 24 section, the term ‘qualified refinery’ means any refinery

1 located in the United States which is designed to serve
 2 the primary purpose of processing liquid fuel from—

3 “(1) crude oil, or

4 “(2) qualified fuels (as defined in section
 5 45K(c)).”.

6 (c) EFFECTIVE DATE.—The amendments made by
 7 this section shall take effect as if included in the amend-
 8 ment made by section 1323(a) of the Energy Policy Act
 9 of 2005.

10 **TITLE III—CONSERVATION AND** 11 **ENERGY EFFICIENCY PROVI-** 12 **SIONS**

13 **SEC. 301. EXTENSION OF ENERGY EFFICIENT COMMERCIAL** 14 **BUILDINGS DEDUCTION.**

15 Section 179D(h) of the Internal Revenue Code of
 16 1986 (relating to termination) is amended by striking
 17 “2007” and inserting “2010”.

18 **SEC. 302. EXTENSION OF NEW ENERGY EFFICIENT HOME** 19 **CREDIT.**

20 (a) IN GENERAL.—Subsection (g) of section 45L of
 21 the Internal Revenue Code of 1986 (relating to new energy
 22 efficient home credit) is amended to read as follows:

23 “(g) TERMINATION.—This section shall not apply
 24 to—

1 “(1) any qualified new energy efficient home
 2 meeting the energy saving requirements of sub-
 3 section (c)(1) acquired after December 31, 2010,
 4 and

5 “(2) any qualified new energy efficient home
 6 meeting the energy saving requirements of para-
 7 graph (2) or (3) of subsection (c) acquired after De-
 8 cember 31, 2007.”.

9 (b) EFFECTIVE DATE.—The amendment made by
 10 this section shall take effect as if included in the amend-
 11 ments made by section 1332 of the Energy Policy Act of
 12 2005.

13 **SEC. 303. EXTENSION OF RESIDENTIAL ENERGY EFFICIENT**
 14 **PROPERTY CREDIT.**

15 Section 25D(g) of the Internal Revenue Code of 1986
 16 (relating to termination) is amended by striking “2007”
 17 and inserting “2010”.

18 **SEC. 304. EXTENSION OF CREDIT FOR BUSINESS INSTALLA-**
 19 **TION OF QUALIFIED FUEL CELLS AND STA-**
 20 **TIONARY MICROTURBINE POWER PLANTS.**

21 Sections 48(c)(1)(E) and 48(c)(2)(E) of the Internal
 22 Revenue Code of 1986 (relating to termination) are each
 23 amended by striking “2007” and inserting “2010”.

1 **SEC. 305. EXTENSION OF BUSINESS SOLAR INVESTMENT**
 2 **TAX CREDIT.**

3 Sections 48(a)(2)(A)(i)(II) and 48(a)(3)(A)(ii) of the
 4 Internal Revenue Code of 1986 (relating to termination)
 5 are each amended by striking “2008” and inserting
 6 “2011”.

7 **TITLE IV—ALTERNATIVE FUELS**
 8 **AND VEHICLES INCENTIVES**

9 **SEC. 401. EXTENSION OF EXCISE TAX PROVISIONS, INCOME**
 10 **TAX CREDITS, AND TARIFF DUTIES.**

11 (a) BIODIESEL.—Sections 40A(g), 6426(c)(6), and
 12 6427(e)(5)(B) of the Internal Revenue Code of 1986 are
 13 each amended by striking “2008” and inserting “2010”.

14 (b) ALTERNATIVE FUEL.—

15 (1) FUELS.—Sections 6426(d)(4) and
 16 6427(e)(5)(C) of the Internal Revenue Code of 1986
 17 are each amended by striking “September 30, 2009”
 18 and inserting “December 31, 2010”.

19 (2) REFUELING PROPERTY.—Section 30C(g) of
 20 such Code is amended by striking “2009” and in-
 21 serting “2010”.

22 (c) ETHANOL TARIFF SCHEDULE.—Headings
 23 9901.00.50 and 9901.00.52 of the Harmonized Tariff
 24 Schedule of the United States (19 U.S.C. 3007) are each
 25 amended in the effective period column by striking “10/
 26 1/2007” each place it appears and inserting “1/1/2011”.

- 1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall take effect on January 1, 2007.

